

MANAGEMENT MEMO

SUBJECT: STATE MOTOR VEHICLE INSURANCE ACCOUNT 2008/09 FY PREMIUM ASSESSMENT	NUMBER: MM 08-06 DATE ISSUED: APRIL 28, 2008 EXPIRES: APRIL 28, 2009
REFERENCES: Government Code Sections 11290 (a), 16378, 16379 Supersedes Management Memo 07-05	ISSUING AGENCY: Department of General Services

Introduction This management memo provides State agencies information on the State Motor Vehicle Insurance Account (SMVIA) premium assessment for the 2008/2009 fiscal year.

Motor Vehicle Insurance Account The SMVIA is funded through assessments charged to State agencies that own vehicles/equipment. The assessment reflects the projected amount to be expended to pay claim settlements and administrative expenses, such as adjusting and defense costs.

Calculation Of Assessment Each State agency's insurance premium assessment is based on claim experience from the last five calendar years ending December 31, 2007.

State agencies owning more than 300 vehicles are rated on their own claims experience; State agencies with fewer than 300 vehicles are grouped together and experience-rated as though they were one entity.

Attachment 1 reflects the 2008/2009 fiscal year motor vehicle self-insurance assessments for the 19 large departments rated individually and the *All Other* group.

The premium assessment for the *All Other* group will be distributed to departments in this group on a *per vehicle basis* using the last reported vehicle inventory from the Office of Fleet Administration (December 2007), applied to the 2008/09 total assessment of \$680,595 (see Attachment 1). The average rate for the *All Other* group is calculated at \$258 per vehicle.

The DGS is able to reduce the 2008/2009 assessment by approximately 12 percent from the prior year assessment of \$17 million to \$15 million (see Attachment 1).

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SMVIA Program Coverage

The SMVIA provides:

- unlimited self-insured liability coverage for the State agencies and employees who operate vehicles on State business.
 - excess liability coverage for State employees on State business while driving non-State vehicles, but only after the vehicle owner's liability policy limits has been paid.
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Coverage Limitation Exception

Effective January 1, 2004, when a non-salaried driver is involved in a motor vehicle accident while on State business, the program's coverage will be limited to \$1 million per accident, regardless of ownership of the vehicle. The driver's employing department/agency will be financially responsible for the payment of any claims, settlements, judgments or verdicts in excess of \$1 million.

Reference: State Administrative Manual (SAM) Section 2420.

Minimizing/ Reducing Vehicle Losses

State agencies can help minimize and/or reduce these losses by following State policies and recommended practices on vehicle use and operator requirements:

- Employees who operate vehicles on official business must have a valid driver's license and a good driving record.
 - Agencies shall participate in the Department of Motor Vehicles (DMV) "Pull Notice Program" if they have employees who operate vehicles on official business as a condition of employment for Class A, B, or Class C drivers' licenses with special certificates.
 - Authorized drivers should be permanent State employees.
 - Drivers under the age of 18 may not operate State vehicles under any circumstances.
 - Employees who operate vehicles on official business shall attend and successfully complete an approved defensive driver training course at least once every four years. Online registration available at: <https://www.training.dgs.ca.gov>.
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Minimizing/ Reducing Vehicle Losses (Cont.)

- Employees operating their private vehicle on official business must complete a STD. 261, *Authorization to Use Privately Owned Vehicles on State Business*. This form certifies liability insurance for the minimum financial responsibility limits as set forth in statute. Additionally, the employee certifies the vehicle is adequate for the work, equipped with operating safety belts, and is in safe mechanical condition.
 - Employees must report all vehicle accidents within 48 hours to the Office of Risk & Insurance Management (ORIM) using the STD. 270, *Vehicle Accident Report* form. The form is available online at www.orim.dgs.ca.gov.
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Contact

Questions concerning the vehicle self-insurance assessments can be directed to:

Gail Saruwatari, Claims Manager
Office of Risk & Insurance Management
Telephone: (916) 376-5285
Email: Gail.Saruwatari@dgs.ca.gov

Visit our website at www.orim.dgs.ca.gov for information on ORIM services.

Signature

Original SAM Management Memo signed by Will Bush, Director

Will Bush
Director

Attachment

STATE ADMINISTRATIVE MANUAL

ATTACHMENT 1 2008/2009 MOTOR VEHICLE SELF-INSURANCE ASSESSMENT

Department	2007/08 Premiums	2008/09 Premiums
Conservation Corps	\$ 115,580	\$ 192,801
Consumer Affairs	90,671	74,649
Corrections & Rehabilitation	961,722	1,075,803
Developmental Services	60,788	65,284
District Agricultural Associations*	67,565	78,535
Employment Development	48,061	58,605
Fish & Game	256,911	244,706
Food & Agriculture	226,313	231,428
Forestry	245,943	257,128
General Services	1,802,965	1,791,090
Highway Patrol	3,928,696	3,474,068
Justice	500,733	475,579
Mental Health	31,455	40,667
Motor Vehicles	146,100	178,165
Parks & Recreation	757,789	652,368
Prison Industry Authority	53,107	19,781
State University	1,695,830	896,701
Transportation	5,197,957	4,378,072
Water Resources	122,194	133,978
All Others	689,621	680,595
Total Premium	\$17,000,000**	\$15,000,000

*District Agricultural Association group includes California Exposition, California Science Center, and Food & Agriculture Marketing Boards.

**Total includes expected claims paid, administrative expenses (including legal defense), and funds to build a prudent reserve.